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**LOUISIANA BOARD OF PHARMACY
LOUISIANA DEPARTMENT OF HEALTH
AND HOSPITALS
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **NOV 09 2011**

**LOUISIANA BOARD OF PHARMACY
STATE OF LOUISIANA
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Department of Administration – Office of Statewide Reporting and Accounting Policy – Reporting Package			

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Board of Directors
Louisiana Board of Pharmacy
Baton Rouge, Louisiana

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Louisiana Board of Pharmacy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2011, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2011, on our consideration of the Louisiana Board of Pharmacy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financials statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy, a component unit of the State of Louisiana. The information had been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Baxley & Associates, LLC

Plaquemine, Louisiana
August 8, 2011

**State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2011**

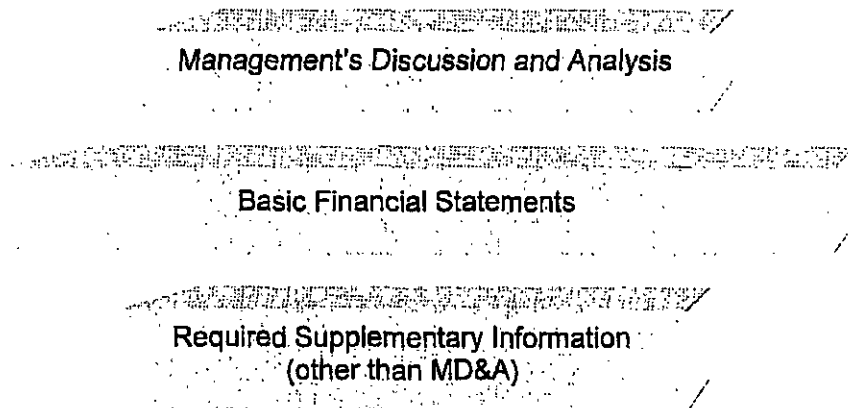
This Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2011 by \$2,810,464, which represents a 3.5% increase from the prior fiscal year.
- ★ The Board's operating revenues increased \$170,128 (or 6.7%) from the prior fiscal year, and the net results from activities increased \$50,362 from the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2011

The Statement of Net Assets (Exhibit A, page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (Exhibit B, page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is collected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Exhibit C, page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
as of June 30, 2011

	Total	
	2011	2010
Current and other assets	\$ 2,740,316	\$ 2,336,931
Capital assets	2,282,603	1,199,765
Total assets	5,022,919	3,536,696
Current liabilities	148,063	116,523
Long-term liabilities	2,064,392	704,988
Total liabilities	2,212,455	821,511
Net assets:		
Invested in capital assets, net of depr.	1,004,579	1,199,765
Restricted	0	0
Unrestricted	1,805,885	1,515,420
Total net assets	\$ 2,810,464	\$ 2,715,185

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Board increased \$95,279 (or 4%) from June 30, 2010 to June 30, 2011. About 10% of the increase resulted from an increase in current assets; however, the major contributor to the increase was the purchase of an office building, which almost doubled the

State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2011

capital assets. The Board invested an additional 27% of the purchase price for renovations to upgrade the facility to render it suitable for the housing of Board operations.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2010 and June 30, 2011

	Total	
	2010	2010
Operating revenues	\$ 2,797,446	\$ 2,681,874
Operating expenses	(2,677,485)	(2,599,219)
Operating income(loss)	119,961	82,655
Non-operating revenues	11,027	24,955
Non-operating expenses	(35,709)	
Net increase (decrease) in net assets	95,279	107,610
Total net assets - beginning of year	2,715,185	2,607,575
Restatement of beginning net assets		
Total net assets - restated beginning of year		
Total net assets - end of year	\$ 2,810,464	\$ 2,715,185

The Board's operating revenues increased by \$115,572 or 4.3%. The total cost of all programs and services also increased from the prior fiscal year, by \$78,266 or 3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the conclusion of the fiscal year ended June 30, 2011, the Board had \$2,282,603 invested in a broad range of capital assets, including property, furniture, office equipment, and information systems (see Table below). This amount represents a net increase of \$1,082,838, or 90%, over last year. This year's major addition was an office building.

	2011	2010
Land	\$ 1,004,940	\$ 709,080
Building	950,393	0
Construction in progress	0	102,900
Furniture and Equipment	272,469	313,111
Software - Licensure & Website	359,062	322,342
Accumulated Depreciation	(304,260)	(247,668)
Totals	\$ 2,282,604	\$ 1,199,765

**State of Louisiana
Board of Pharmacy
Management's Discussion & Analysis
As of June 30, 2011**

Debt

To purchase the office building, the Board pledged its future receivables to secure a note for \$1.3 million, with a term of 5 years. The separate property acquired in 2007 and originally intended to host a new office building has been listed for sale. The proceeds from the sale of that property will be used to settle or offset the current note for the office building.

The Board has set aside funds for the Other Post Employment Benefit (OPEB) obligation first identified in 2008. There were no claims or judgments at the end of the fiscal year, and the only remaining significant liability was in the form of compensated absences.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$81,741 (or 3%) over budget, and expenses were \$346,815 (or 11%) less than budget. Approximately half of the difference arose from the deferral of the completion of the implementation of the new licensure information system. That task, along with the accompanying budget, was deferred to the following fiscal year. Additional expenses were avoided by focused plans to reduce postage and staff travel expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget:

- Anticipated licensure activity (acquisition, renewal, and attrition)
- Demand for goods and services
- Enforcement actions
- Historical pattern of operational costs

The Board expects that next year's results may or may not improve based on the following:

- Continued growth in total number of credentials under management
- Additional investments in technology infrastructure

CONTACTING THE LOUISIANA BOARD OF PHARMACY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at (225) 925-6496 or mbroussard@pharmacy.la.gov.

FINANCIAL STATEMENTS

EXHIBIT A

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,027,319
Investments	661,832
Accounts receivable	26,344
Interest receivable	6,404
Prepaid expense	18,417
Total Current Assets	<u>2,740,316</u>

Land and equipment (net of accumulated depreciation):

Land	1,004,940
Office equipment	82,944
Software	248,223
Building	946,496
Total Land and Equipment	<u>2,282,603</u>

TOTAL ASSETS**\$ 5,022,919****LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	37,202
Retainage payable	15,218
Payroll taxes payable	693
Note payable - current portion	54,824
Compensated absences	40,126
Total Current Liabilities	<u>148,063</u>

Noncurrent Liabilities:

Note payable - long term portion	1,223,200
Compensated absences	97,044
OPEB payable	744,148
Total Noncurrent Liabilities	<u>2,064,392</u>

Total Liabilities

2,212,455

Net Assets

Invested in capital assets, net of related debt	1,004,579
Unrestricted	1,805,885
Total Net Assets	<u>2,810,464</u>

TOTAL LIABILITIES AND NET ASSETS**\$ 5,022,919**

The accompanying notes are an integral part of this financial statement.

EXHIBIT B

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

OPERATING REVENUES

Licenses, permits, and fees	<u>\$ 2,797,446</u>
Total Operating Revenues	<u>2,797,446</u>

EXPENSES

Personnel services and related benefits	1,727,599
Operating services	287,024
Materials and supplies	249,514
Professional fees	197,618
Travel	105,749
Depreciation	109,607
Other	<u>374</u>
Total Operating Expenses	<u>2,677,485</u>

Operating Income (Loss)	<u>119,961</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income	11,027
Interest expense	(34,075)
Loss on disposal of asset	<u>(1,634)</u>
	(24,682)

Income (Loss)	95,279
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Total net assets - beginning of year	<u>2,715,185</u>
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Total net assets - end of year	<u><u>\$ 2,810,464</u></u>
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The accompanying notes are an integral part of this financial statement.

EXHIBIT C

LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

CASH FLOW FROM OPERATING ACTIVITIES

Cash received from licenses	\$ 2,764,698
Cash payments to suppliers of goods and services	(881,996)
Cash payments to employees for services	(1,591,379)
Net cash provided (used) by operating activities	<u>291,323</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Issuance of new debt	1,300,000
Principal paid on note	(21,976)
Interest paid on note	(34,075)
Loss on disposal of asset	(1,634)
Purchase of capital assets	(1,296,980)
Net cash used by capital and related financing activities	<u>(54,665)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of securities	(57,687)
Sale of securities	155,041
Investment income	17,627
Net cash provided (used) by investing activities	<u>114,981</u>

Net increase (decrease) in cash and cash equivalents 351,639

Cash and cash equivalents, beginning of year 1,675,680

Cash and cash equivalents, end of year \$ 2,027,319

RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ 119,961
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	109,607
Changes in assets and liabilities:	
Accounts receivable and other receivable	(32,748)
Prepayments	(18,417)
Accounts payable	(23,300)
Payroll tax liability	411
Compensated absences	(125)
OPEB payable	135,934
Net cash used by operating activities	<u>\$ 291,323</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

INTRODUCTION

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

2. Basis of Presentation

The financial statements of the Board are prepared in accordance with accounting principles generally accepted in the United States of America. The Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board may also apply all FASB pronouncements or interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

3. Basis of Accounting

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and Investments

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

6. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2011, there were no amounts considered to be uncollectible.

7. Capital Assets

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Furniture	5-7 years
Equipment	5-10 years

8. Encumbrances

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Revenues and Expenses

Revenues and expenses are recorded on the accrual basis of accounting. Revenues consist of licenses, examination fees, and disciplinary fines. Licenses are renewed on December 31, of each year. Licenses are recorded in the Statement of Activities when they are earned. Operating and non-operating expenses are recorded as they are incurred. During the fiscal year, the Board started issuing permits for a Prescription Monitoring Program. During the year, the board issued approximately 17,000 permits and earned an additional \$416,150 in fees.

10. Employee Compensated Absences

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

11. Statement of Cash Flows

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchases as cash equivalents.

NOTE B – BUDGET PRACTICES

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

NOTE C – DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according to the three levels of risk.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE C – DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

The deposits at June 30, 2011, consisted of the following:

	Amount
Deposits per balance sheet	\$ 2,027,319
Bank deposits in bank accounts per bank	<u>2,035,205</u>
Bank balances of deposits exposed to custodial credit risk:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entity's name	<u>1,540,941</u>

NOTE D – INVESTMENTS

Investments of the Board consist of U.S. government securities. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

Descriptions	Cost	Fair Value	Percent of 4.1	Credit quality Rating
U. S. Treasury Note	\$ 26,604	27,267	4.10%	
Federal Home Loan Bank (FHLB)	100,625	103,076	15.41%	Aaa
Federal National Mortgage Association (FNMA)	212,311	220,281	32.95%	Aaa
Federal Farm Credit Banks (FFCB)	203,559	204,821	30.65%	Aaa
Total debt securities-portfolio weighted-average maturity	543,099	555,445	83.11%	
Money market fund-cash equivalent	106,387	106,387	15.90%	
Total investments	649,486	661,832		
Accrued interest	6,404	6,404	0.99%	
Total	<u>\$ 655,890</u>	<u>668,236</u>	<u>100.00%</u>	

Interest Rate Risk. The board has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The board has adopted the state investment policy at RS 49:327. The board does not have any other policy that would further limit the investment choices.

Concentration of Credit Risk. The board places no limits on the amount the board may invest in any one issuer.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE E – CAPITAL ASSETS

A summary of changes, capital assets, and accumulated depreciation for the year ended June 30, 2011 is as follows:

	Balance June 30, 2010	Additions	Reclassifications/ Deletions	Balance June 30, 2011
Land	\$ 709,080	\$ 295,860	\$ -	\$ 1,004,940
Construction in Progress	102,900		102,900	-
Building	-	950,393	-	950,393
Office Equipment	313,111	14,007	54,649	272,469
Software	322,342	36,720	-	359,062
Accumulated Depreciation	(247,668)	(109,607)	(53,015)	(304,260)
Net Capital Assets	<u>\$ 1,199,765</u>	<u>\$ 1,187,373</u>	<u>\$ 104,534</u>	<u>\$ 2,282,604</u>

NOTE F – NOTES PAYABLE

In January 2011, the Louisiana Board of Pharmacy purchased an office building and acquired a loan in the amount of \$1,300,000 with an interest rate at 6.25% and a maturity date of January 16, 2016. Iberia Bank currently holds the lien to the building title and the vacant lot valued at \$709,080 is pledged as collateral against the loan. The following is a summary of the long-term notes payable for the year ended June 30, 2011:

Balance at July 1, 2010	\$ -
Loan issued	1,300,000
Principal payments	(21,976)
Balance at June 30, 2011	1,278,024
Less Current Maturity	(54,824)
Long-Term Notes Payable	<u>\$ 1,223,200</u>

The annual requirements to amortize all debt outstanding as of June 30, 2011 including interest payments of \$332,894 are as follows:

Year Ending June 30,	Notes Payable
2012	\$ 134,521
2013	134,521
2014	134,521
2015	134,521
2016	1,072,834
	<u>\$ 1,610,918</u>

NOTE G – LITIGATION

There are no judgments or claims pending against the Board at June 30, 2011.

LOUISIANA BOARD OF PHARMACY NOTES TO FINANCIAL STATEMENTS

NOTE H – RETIREMENT SYSTEM

The employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as pension trust fund. LASERS was established and provided within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefits of the state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site at:

http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees eligible to begin participation before July 1, 2006, are entitled to a retirement benefit, payable monthly for life (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

State law provides for fiscal year 2011, 2010, 2009, and 2008 contribution rates of 7.5% by employees. The contribution rate for the employer for the fiscal year ended June 30, 2011 increased to 22.0% of annual covered payroll from the 18.6% and 18.5% required in the fiscal years of ended June 30, 2010 and 2009, respectively. Contribution requirements to the System are set by Statute and differ from the contribution requirements determined using actuarial methods. The contributions to the System for the years ending June 30, 2011, 2010, and 2009 were \$228,038, \$198,504, and \$197,939, respectively, which are the required contributions set by Statute.

NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2011, this amount ranges \$326 to \$338 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,191 to \$1,249 per month for those with Medicare or \$1,739 to \$1,835 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

OPEB Cost/Obligation. The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2010, is as follows:

Annual OPEB Expense and Net OPEB Obligation

Fiscal Year Ending	6/30/2011
Net OPEB Obligation at June 30, 2010	\$ 608,214
Annual Required Contribution	181,200
Interest on Net OPEB Obligation	24,300
ARC Adjustment	(23,200)
Annual OPEB Expense	182,300
Contributions made	(46,366)
Net OPEB Obligation at June 30, 2011	<u>\$ 744,148</u>
Percentage of Annual OPEB Cost Contributed	25.43%

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress. As of June 30, 2011, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

Actuarial accrued liability (AAL)	\$ 1,974,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,974,600
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (annual payroll of active employees covered by the plan)	815,100
UAAL as a percentage of covered payroll	242%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2011, was thirty years.

NOTE J – COMPENSATED ABSENCES

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service, no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

**LOUISIANA BOARD OF PHARMACY
NOTES TO FINANCIAL STATEMENTS**

NOTE J – COMPENSATED ABSENCES (CONTINUED)

Changes in accrued leave for the current and long-term periods are as follows:

	Current	Long-term	Total
Balance, July 1, 2010	\$ 40,521	96,774	137,295
Additions	22,022	270	22,292
Deletions	(22,418)	-	(22,418)
Balance, June 30, 2011	<u>\$ 40,125</u>	<u>97,044</u>	<u>137,169</u>

NOTE K – RELATED PARTY TRANSACTIONS

The Board did not have any related party transactions for the year ended June 30, 2011.

NOTE L – BOARD MEMBERS' PER DIEM

The Board members are paid per diem of \$75 per day for each day of actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 Louisiana Legislature.

NOTE M – OPERATING LEASE

The Board rents its office equipment from Xerox and Pitney Bowes. Future minimum rental payments for each of the two subsequent fiscal years are as follows:

	Equipment Rental	Total
2012	\$ 14,060	\$ 14,060
2013	3,615	3,615
	<u>17,675</u>	<u>17,675</u>

NOTE N – SUBSEQUENT EVENTS

These financial statements considered subsequent events through August 8, 2011, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SCHEDULE 1

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF BOARD MEMBERS PER DIEM
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Board Members</u>	<u>Amount</u>
Joseph L. Adams	\$ 2,025
Michele P. Alderman	225
Carl W. Aron	3,450
Brian A. Bond	2,400
J. Douglas Boudreaux	225
Allen W. Cassidy	225
Reuben R. Dixon	225
Syndie M. Durand	525
Jacqueline L. Hall	900
John O. LeTard	225
Marty R. McKay	2,625
Chris B. Melancon	1,125
Ronald E. Moore	675
Blake P. Pitre	2,025
T. Morris Rabb	2,700
Clovis Burch	1,875
Pamela Reed	1,350
Richard Indovina	1,050
Ryan Dartez	600
Deborah Simonson	675
Richard A. "Andy" Soileau	2,025
Total	<u>\$ 27,150</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

BAXLEY AND ASSOCIATES, LLC

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58225 Belleview Drive
Plaquemine, Louisiana 70764
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CVA/PFS/FCPA
Margaret A. Pritchard, CPA

Staci H. Jeffrion, CPA

SCHEDULE 2

To the Board of Directors
Louisiana Board of Pharmacy
Baton Rouge, Louisiana

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Board of Pharmacy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow managements or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control in financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, others within the entity, and federal awarding agencies and state agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Baxley & Associates, LLC

Plaquemine, Louisiana
August 8, 2011

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Board of Pharmacy.
2. There are no significant deficiencies relating to the audit of the financial statements reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Louisiana Board of Pharmacy were disclosed during the audit.

SCHEDULE 4

**LOUISIANA BOARD OF PHARMACY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

There were no prior year audit findings or questioned costs.

LOUISIANA BOARD OF PHARMACY

**STATE OF LOUISIANA
Annual Financial Statements
June 30, 2011**

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AFFIDAVIT

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2011

Louisiana Board of Pharmacy
3388 Brentwood Drive
Baton Rouge, Louisiana 70809-1700

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, LA 70804-9095

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

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Baton Rouge, LA 70804-9397


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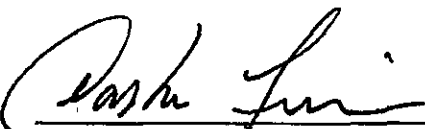
Affidavit

Before me, the undersigned notary, personally came and appeared Malcolm J. Broussard, Executive Director of the Louisiana Board of Pharmacy, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Board of Pharmacy at June 30, 2011 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 16th day of August, 2011.



Malcolm J. Broussard
Executive Director
Louisiana Board of Pharmacy



Carlos M. Finalet, III
Notary Public
Bar Roll No. 23729

Prepared by: Malcolm J. Broussard
Title: Executive Director
Telephone: 225.925.6481
Date: August 15, 2011
Email: mbroussard@pharmacy.la.gov

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
BALANCE SHEET
AS OF JUNE 30, 2011**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,027,319
Restricted Cash and Cash Equivalents	
Investments	661,832
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	32,748
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	18,417
Notes receivable	
Other current assets	
Total current assets	2,740,316

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	1,004,940
Buildings and improvements	931,278
Machinery and equipment	98,162
Software	248,223
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	2,282,603
Total assets	\$ 5,022,919

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 53,113
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	40,126
Capital lease obligations	
Claims and litigation payable	
Notes payable	54,824
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	148,063

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	97,044
Capital lease obligations	
Claims and litigation payable	
Notes payable	1,223,200
Bonds payable (include unamortized costs)	
OPEB payable	744,148
Other long-term liabilities	
Total noncurrent liabilities	2,064,392
Total liabilities	2,212,455

NET ASSETS

Invested in capital assets, net of related debt	1,004,579
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	
Unrestricted	1,805,885
Total net assets	2,810,464
Total liabilities and net assets	\$ 5,022,919

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY**

Statement B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

OPERATING REVENUE	
Sales of commodities and services	\$
Assessments	
Use of money and property	
Licenses, permits, and fees	2,797,446
Other	
Total operating revenues	2,797,446
OPERATING EXPENSES	
Cost of sales and services	
Administrative	2,567,878
Depreciation	109,607
Amortization	
Total operating expenses	2,677,485
Operating income(loss)	119,961
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	11,027
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	(1,634)
Federal grants	
Interest expense	(34,075)
Other revenue	
Other expense	
Total non-operating revenues(expenses)	(24,682)
Income(loss) before contributions, extraordinary items, & transfers	95,279
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	95,279
Total net assets - beginning	2,715,185
Total net assets - ending	\$ 2,810,464

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Statement C

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ <u>2,713,194</u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u>(2,713,194)</u>
General revenues:					
Licenses, permits, and fees					<u>2,797,446</u>
State appropriations					<u> </u>
Grants and contributions not restricted to specific programs					<u> </u>
Interest					<u>11,027</u>
Miscellaneous					<u> </u>
Special items					<u> </u>
Extraordinary item - Loss on impairment of capital assets					<u> </u>
Transfers					<u> </u>
Total general revenues, special items, and transfers					<u>2,808,473</u>
Change in net assets					<u>95,279</u>
Net assets - beginning as restated					<u>2,715,185</u>
Net assets - ending					\$ <u>2,810,464</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D
(continued)**

Cash flows from operating activities		
Cash received from customers	\$ 2,764,698	
Cash payments to suppliers for goods and services	(881,996)	
Cash payments to employees for services	(1,591,379)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		291,323
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		-
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable	1,300,000	
Principal paid on notes payable	(21,976)	
Interest paid on notes payable	(34,075)	
Acquisition/construction of capital assets	(1,296,980)	
Proceeds from sale of capital assets		
Capital contributions		
Loss on disposal of assets	(1,634)	
Net cash provided(used) by capital and related financing activities		(54,665)
Cash flows from investing activities		
Purchases of investment securities	(57,687)	
Proceeds from sale of investment securities	155,041	
Interest and dividends earned on investment securities	17,627	
Net cash provided(used) by investing activities		114,981
Net increase(decrease) in cash and cash equivalents		351,639
Cash and cash equivalents at beginning of year		1,675,680
Cash and cash equivalents at end of year	\$	2,027,319

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D
(concluded)**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>119,961</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	109,607	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(32,748)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(18,417)	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(23,200)	
Increase(decrease) in compensated absences payable	(125)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	135,934	
Increase(decrease) in other liabilities	411	
Net cash provided(used) by operating activities		\$ <u>291,423</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$ _____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
Total noncash investing, capital, and financing activities:	\$ _____

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011

INTRODUCTION

The Louisiana Board of Pharmacy was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of Louisiana Board of Pharmacy:

The Louisiana Board of Pharmacy is a component unit of the State of Louisiana. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacists from each of the Board's districts as provided by R. S. 37:1173. The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy. Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana Board of Pharmacy present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

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Notes to the Financial Statement
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B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Louisiana Board of Pharmacy are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>2,517,500</u>
Amendments:	<u>185,050</u>
	<u>13,150</u>
	<u> </u>
Final approved budget	\$ <u><u>2,715,700</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Board of Pharmacy may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana Board of Pharmacy may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities

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owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2011 consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 2,027,319	\$	\$	\$ 2,027,319
Deposits in bank accounts per bank	\$ 2,035,205	\$	\$	\$ 2,035,205
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	1,540,941			1,540,941

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

Banking Institution	Program	Amount
1. Hancock Bank	Operating accts	\$ 160,718
2. Hancock Bank	Relief funds	83,546
3. Iberia Bank	Operating accts	1,662,598
4. Iberia Bank	Renovations	128,343
Total		\$ 2,035,205

STATE OF LOUISIANA
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Notes to the Financial Statement
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Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$	<u>0</u>
Petty cash	\$	<u>0</u>

2. INVESTMENTS

The Louisiana Board of Pharmacy does maintain investment accounts as authorized by 71:1.1501.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

<u>Type of Investment</u>	<u>Unregistered, and Held by Counterparty</u>	<u>Trust Dept. or Agent Not in Entity's Name</u>	<u>Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	555,444	555,444
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Accrued interest	_____	_____	_____	_____
Money market funds	_____	_____	106,388	106,388
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 661,832	\$ 661,832

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$	\$	\$	\$	\$
U.S. Agency obligations	555,444	203,320	324,856	27,268	
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds (describe)					
Accrued interest					
Money market funds	106,388	106,388			
Total debt investments	\$ 661,832	\$ 309,708	\$ 324,856	\$ 27,268	\$ -

4. DERIVATIVES (GASB 53) – NOT APPLICABLE

5. POLICIES – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011

Schedule of Capital Assets (includes capital leases)

<u>University/System</u>	Balance 6/30/2010	Prior Period Adjustments	Restated Balance 6/30/2010	Additions	* Reclassifi- cation of CIP	** Retirements	Balance 6/30/2011
Capital assets not depreciated:							
Land	\$ 709,080	\$ -	\$ 709,080	\$ 295,860	\$ -	\$ -	\$ 1,004,940
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	102,900	-	102,900	-	-	(102,900)	-
Total capital assets not depreciated	\$ 811,980	\$ -	\$ 811,980	\$ 295,860	\$ -	\$ (102,900)	\$ 1,004,940
Other capital assets:							
Depreciable land improvements	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Buildings	-	-	-	950,393	-	-	950,393
** Accumulated depreciation	-	-	-	(3,897)	-	-	(3,897)
Total land improvements	-	-	-	946,496	-	-	946,496
Machinery & Equipment	313,111	-	313,111	14,007	-	(54,649)	272,469
** Accumulated depreciation	(208,029)	-	(208,029)	(34,510)	-	53,015	(189,524)
Total buildings	105,082	-	105,082	(20,503)	-	(1,634)	82,945
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Software (internally generated & purchased)	322,342	-	322,342	36,720	-	-	359,062
Other intangibles	(39,639)	-	(39,639)	(71,200)	-	-	(110,839)
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	282,703	-	282,703	(34,480)	-	-	248,223
Total intangibles	387,785	-	387,785	925,993	-	(1,634)	1,029,441
Total other capital assets	\$ 811,980	\$ -	\$ 811,980	\$ 295,860	\$ -	\$ (102,900)	\$ 1,004,940
Capital asset summary:							
Capital assets not depreciated	\$ 811,980	\$ -	\$ 811,980	\$ 295,860	\$ -	\$ (102,900)	\$ 1,004,940
Other capital assets, book value	635,453	-	635,453	1,001,120	-	(54,649)	1,581,924
Total cost of capital assets	1,447,433	-	1,447,433	1,296,980	-	(157,549)	2,586,864
Accumulated depreciation/amortization	(247,668)	-	(247,668)	(109,607)	-	53,015	(304,260)
Capital assets, net	\$ 1,199,765	\$ -	\$ 1,199,765	\$ 1,187,373	\$ -	\$ (104,534)	\$ 2,282,604

* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.

** Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011**

E. INVENTORIES- NOT APPLICABLE

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana Board of Pharmacy has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2011 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Board of Pharmacy are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All Louisiana Board of Pharmacy employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement

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As of and for the year ended June 30, 2011

age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://lasers.websitegadget.com/uploads/LASERS_2010_CAFR.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Louisiana Board of Pharmacy is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2011, increased to 22.0% of annual covered payroll from the 18.6% and 18.5% required in fiscal years ended June 30, 2010 and 2009 respectively. The Louisiana Board of Pharmacy's contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$228,038, \$198,504, and \$197,939, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2011 is as follows:

Annual OPEB expense and net OPEB Obligation	
Fiscal year ending	6/30/2011
1. * ARC	<u>181,200</u>
2. * Interest on NOO (4%)	<u>24,300</u>
3. * ARC adjustment	<u>(23,200)</u>
4. * Annual OPEB Expense	<u>182,300</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2011 insurance premiums)	<u>(46,366)</u>
6. Increase in Net OPEB Obligation	<u>135,934</u>
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	<u>608,214</u>
8. **NOO, end of year	<u><u>744,148</u></u>

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2011 amounted to \$129,928. A Schedule of payments for operating leases follows:

Nature of lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017- 2021	FY 2022- 2026
Office Space	\$	\$	\$	\$	\$	\$	\$
Equipment	<u>14,060</u>	<u>3,615</u>					
Land							
Other							
Total	<u>\$ 14,060</u>	<u>\$ 3,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES- NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
As of and for the year ended June 30, 2011

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2011:

	<u>Year ended June 30, 2011</u>			<u>Balance June 30, 2011</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>		
Notes and bonds payable:					
Notes payable	\$ -	\$ 1,300,000	\$ 21,976	\$ 1,278,024	\$ 54,824
Bonds payable	-	-	-	-	-
Total notes and bonds	<u>-</u>	<u>1,300,000</u>	<u>21,976</u>	<u>1,278,024</u>	<u>54,824</u>
Other liabilities:					
Contracts payable	-	-	-	-	-
Compensated absences payable	137,295	22,292	22,418	137,169	40,125
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	608,214	135,934	-	744,148	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	<u>745,509</u>	<u>158,226</u>	<u>22,418</u>	<u>881,317</u>	<u>40,125</u>
Total long-term liabilities	<u>\$ 745,509</u>	<u>\$ 1,458,226</u>	<u>\$ 44,394</u>	<u>\$ 2,159,341</u>	<u>\$ 94,949</u>

L. CONTINGENT LIABILITIES- NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
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R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Enterprise Fund	\$	\$	\$	\$ 32,748	\$ 32,748
					-
Gross receivables	\$ -	\$ -	\$ -	\$ 32,748	\$ 32,748
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ -	\$ 32,748	\$ 32,748
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Enterprise fund	\$ 54,420	\$ 693	\$	\$	\$ 55,113
					-
Total payables	\$ 54,420	\$ 693	\$ -	\$ -	\$ 55,113

W. SUBSEQUENT EVENTS- NOT APPLICABLE

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statement
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- X. SEGMENT INFORMATION – NOT APPLICABLE**
- Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE**
- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE**
- AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE**
- BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE**
- CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**
- DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**
- EE. POLLUTION REMEDIATION OBLIGATIONS - NOT APPLICABLE**
- FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2011**

Name	Amount
<u>Joseph L. Adams</u>	<u>\$ 2,025</u>
<u>Michelle Alderman</u>	<u>225</u>
<u>Carl W. Aron</u>	<u>3,450</u>
<u>Brain Bond</u>	<u>2,400</u>
<u>J. Douglas Boudreaux</u>	<u>225</u>
<u>Allen W. Cassidy</u>	<u>225</u>
<u>Reuben R. Dixon</u>	<u>225</u>
<u>Syndie M.Durand</u>	<u>525</u>
<u>Jacqueline Hall</u>	<u>900</u>
<u>John LeTard</u>	<u>225</u>
<u>Marty McKay</u>	<u>2,625</u>
<u>Chris Melancon</u>	<u>1,125</u>
<u>Ronald Moore</u>	<u>675</u>
<u>Blake Pitre</u>	<u>2,025</u>
<u>T.Morris Rabb</u>	<u>2,700</u>
<u>Clovis Burch</u>	<u>1,875</u>
<u>Pamela Reed</u>	<u>1,350</u>
<u>Richard Indovina</u>	<u>1,050</u>
<u>Ryan Dartez</u>	<u>600</u>
<u>Deborah Simonson</u>	<u>675</u>
<u>Richard Soileau</u>	<u>2,025</u>
 Total	 <u>\$ 27,150</u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2011**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/10	Redeemed (Issued)	Principal Outstanding 6/30/11	Interest Rates	Interest Outstanding 6/30/11
OMNI BANK	1-12-11	\$1,300,000	\$0	\$1,300,000	\$1,278,024	6.25	\$332,894
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
				-	-		
Total		<u>\$1,300,000</u>	<u>\$0</u>	<u>\$1,300,000</u>	<u>\$1,278,024</u>	<u>6.25</u>	<u>\$332,894</u>

SCHEDULE 3-A

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2011**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Series:		\$	\$	\$	\$		\$
Unamortized Discounts and Premiums Series:							
Total		\$	\$	\$	\$		\$

***Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.
Send copies of new amortization schedules for bonds and unamortized costs.**

SCHEDULE 3-B

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2011

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2012	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> -</u>
2013	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2014	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2015	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2016	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2017-2021	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2022-2026	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2027-2031	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
2032-2036	<u> </u>	<u> </u>	<u> </u>	<u> -</u>
Total	\$ <u> --</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>

SCHEDULE 4-A

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2011**

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ <u>54,824</u>	\$ <u>79,697</u>
2013	<u>58,350</u>	<u>76,171</u>
2014	<u>62,103</u>	<u>72,418</u>
2015	<u>66,097</u>	<u>68,424</u>
2016	<u>1,036,650</u>	<u>36,184</u>
2017-2021	<u> </u>	<u> </u>
2022-2026	<u> </u>	<u> </u>
2027-2031	<u> </u>	<u> </u>
2032-2036	<u> </u>	<u> </u>
Total	\$ <u><u>1,278,024.00</u></u>	\$ <u><u>332,894.00</u></u>

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2011**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2012	\$ _____	\$ _____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
Subtotal	—	—
Unamortized Discounts/Premiums	_____	_____
Total	\$ —	\$ —

***Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/11 should agree to bonds payable on the Statement of Net Assets.**

SCHEDULE 4-C

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2011

Financial Statement	Adjustments	ISIS Appropriation Report-08/16/11	Revised Budget	Variance Positive/(Negative)
Revenues:				
Intergovernmental Revenues	\$	\$	\$	-
Federal Funds				-
Sales of Commodities and Services				-
Other				-
Total appropriated revenues	-	-	-	-
Expenses:				
Cost of goods sold	\$	\$	\$	-
Personal services				-
Travel				-
Operating Services				-
Supplies				-
Professional services				-
Other charges				-
Capital outlay				-
Interagency transfers				-
Debt service				-
Other:				
Bad debts				-
Depreciation				-
Compensated absences				-
Interest expense				-
Other (identify)				-
Total appropriated expenses	-	-	-	-
Excess (deficiency) of revenues over expenses (budget basis)	\$ -	\$ -	\$ -	\$ -

Note: Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature.

**STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2011**

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
OPEB payable	_____
Other	_____
Change in Net Assets	\$ _____

Note: Schedule 5 is only applicable for entities whose budget is appropriated by the legislature.

STATE OF LOUISIANA
LOUISIANA BOARD OF PHARMACY
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 2,808,473	\$ 2,706,829	\$ 101,644	\$ 3.61%
Expenses	2,713,194	2,934,203	(221,009)	(8.14%)
2) Capital assets	2,282,603	1,056,710	1,225,893	53.71%
Long-term debt	2,064,392	-0-	2,064,392	100%
Net Assets	2,810,464	2,607,575	202,889	7.21%
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

AGENCY NUMBER _____
LOUISIANA BOARD OF PHARMACY

[illegible]